

**SHIRE OF DALWALLINU**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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**COMMUNITY VISION**

Social and economic stability and well planned sustainable towns. A high standard of living, promoting business growth and nurturing agriculture in balance with the environment.

A place of opportunity, acceptance of all people, strong health/aged care, educational facilities and a community favourable to extend families.

Principal place of business:  
58 Johnston Street  
DALWALLINU WA 6609

**SHIRE OF DALWALLINU  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Dalwallinu for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Dalwallinu at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 28 day of NOVEMBER 2019

  
\_\_\_\_\_  
Chief Executive Officer  
  
Jean M Knight  
\_\_\_\_\_  
Name of Chief Executive Officer



SHIRE OF DALWALLINU  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2019

BUTLER SET FINER (AUDIT) PTY LTD

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	21(a)	3,204,366	3,179,933	3,117,581
Operating grants, subsidies and contributions	2(a)	3,664,999	5,890,307	3,826,998
Fees and charges	2(a)	1,276,962	1,502,957	1,720,770
Interest earnings	2(a)	137,746	124,257	171,370
Other revenue	2(a)	36	2,100	17
		8,284,109	10,699,554	8,836,736
<b>Expenses</b>				
Employee costs		(2,830,290)	(3,597,811)	(3,383,197)
Materials and contracts		(2,667,499)	(2,207,613)	(2,284,641)
Utility charges		(455,009)	(371,085)	(405,231)
Depreciation on non-current assets	10(d)	(5,371,282)	(5,195,771)	(5,168,510)
Interest expenses	2(b)	(77,633)	(105,798)	(63,955)
Insurance expenses		(155,982)	(134,312)	(132,542)
Other expenditure		(179,979)	(207,274)	(167,645)
		(11,737,674)	(11,819,664)	(11,605,721)
		(3,453,565)	(1,120,110)	(2,768,985)
Non-operating grants, subsidies and contributions	2(a)	4,142,241	761,987	4,551,374
Profit on asset disposals	10(a)	20,000	15,000	18,000
(Loss) on asset disposals	10(a)	(182,937)	(116,906)	(46,109)
Fair value adjustments to financial assets at fair value through profit or loss	7(b)	122,620	0	0
		4,101,924	660,081	4,523,265
<b>Net result for the period</b>		<b>648,359</b>	<b>(460,029)</b>	<b>1,754,280</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	32,466	0	3,348,649
<b>Total other comprehensive income for the period</b>		<b>32,466</b>	<b>0</b>	<b>3,348,649</b>
<b>Total comprehensive income for the period</b>		<b>680,825</b>	<b>(460,029)</b>	<b>5,102,929</b>

This statement is to be read in conjunction with the accompanying notes.





**SHIRE OF DALWALLINU**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

BUTLER SETTINGER (AUDIT) PTY LTD

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>	2(a)			
Governance		219	459	220
General purpose funding		6,170,203	4,630,654	5,938,817
Law, order, public safety		11,535	25,776	731,479
Health		120,180	474,423	494,547
Education and welfare		3,929	4,664	4,354
Housing		328,926	312,710	304,516
Community amenities		602,478	515,004	525,619
Recreation and culture		237,109	378,001	115,057
Transport		301,533	4,115,678	209,409
Economic services		239,173	116,350	283,814
Other property and services		268,824	125,835	228,904
		8,284,109	10,699,554	8,836,736
<b>Expenses</b>	2(b)			
Governance		(606,772)	(716,616)	(752,624)
General purpose funding		(264,051)	(261,377)	(190,668)
Law, order, public safety		(203,849)	(137,927)	(130,640)
Health		(446,513)	(956,853)	(939,949)
Education and welfare		(74,888)	(68,913)	(27,188)
Housing		(315,045)	(298,181)	(279,903)
Community amenities		(673,194)	(712,433)	(640,356)
Recreation and culture		(1,852,788)	(1,702,021)	(1,657,267)
Transport		(6,428,383)	(6,077,866)	(5,474,876)
Economic services		(659,466)	(682,333)	(1,229,346)
Other property and services		(135,092)	(99,346)	(218,949)
		(11,660,041)	(11,713,866)	(11,541,766)
<b>Finance Costs</b>	2(b)			
Community amenities		(12,616)	(13,272)	(14,008)
Recreation and culture		(63,428)	(89,988)	(44,976)
Other property and services		(1,589)	(2,538)	(4,971)
		(77,633)	(105,798)	(63,955)
		(3,453,565)	(1,120,110)	(2,768,985)
Non-operating grants, subsidies and contributions	2(a)	4,142,241	761,987	4,551,374
Profit on disposal of assets	10(a)	20,000	15,000	18,000
(Loss) on disposal of assets	10(a)	(182,937)	(116,906)	(46,109)
Fair value adjustments to financial assets at fair value through profit or loss	7(b)	122,620	0	0
		4,101,924	660,081	4,523,265
<b>Net result for the period</b>		<b>648,359</b>	<b>(460,029)</b>	<b>1,754,280</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	32,466	0	3,348,649
<b>Total other comprehensive income for the period</b>		<b>32,466</b>	<b>0</b>	<b>3,348,649</b>
<b>Total comprehensive income for the period</b>		<b>680,825</b>	<b>(460,029)</b>	<b>5,102,929</b>

This statement is to be read in conjunction with the accompanying notes.





SHIRE OF DALWALLINU  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

BUTLER SETTNERI (AUDIT) PTY LTD

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,078,484	6,016,176
Trade receivables	5	1,349,722	665,771
Other financial assets	7(a)	2,892,808	2,278
Inventories	6	10,947	13,889
<b>TOTAL CURRENT ASSETS</b>		<b>6,331,961</b>	<b>6,698,114</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	16,560	16,560
Other financial assets	7(b)	122,620	0
Property, plant and equipment	8	33,419,224	30,607,765
Infrastructure	9	277,941,617	277,614,949
<b>TOTAL NON-CURRENT ASSETS</b>		<b>311,500,021</b>	<b>308,239,274</b>
<b>TOTAL ASSETS</b>		<b>317,831,982</b>	<b>314,937,388</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	534,812	752,577
Borrowings	13(b)	129,674	752,753
Employee related provisions	14	458,666	604,588
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,123,152</b>	<b>2,109,918</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13(b)	3,329,739	123,755
Employee related provisions	14	47,699	53,148
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,377,438</b>	<b>176,903</b>
<b>TOTAL LIABILITIES</b>		<b>4,500,590</b>	<b>2,286,821</b>
<b>NET ASSETS</b>		<b>313,331,392</b>	<b>312,650,567</b>
<b>EQUITY</b>			
Retained surplus		46,986,602	46,348,859
Reserves - cash backed	4	2,892,808	2,882,192
Revaluation surplus	11	263,451,982	263,419,516
<b>TOTAL EQUITY</b>		<b>313,331,392</b>	<b>312,650,567</b>

This statement is to be read in conjunction with the accompanying notes.



SHIRE OF DALWALLINU  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2019

BUTLER SETTINGER (AUDIT) PTY LTD

		RETAINED	RESERVES	REVALUATION	TOTAL
	NOTE	SURPLUS	CASH BACKED	SURPLUS	EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		43,305,118	4,171,653	260,070,867	307,547,638
Comprehensive income					
Net result for the period		1,754,280	0	0	1,754,280
Other comprehensive income	11	0	0	3,348,649	3,348,649
Total comprehensive income		1,754,280	0	3,348,649	5,102,929
Transfers from/(to) reserves		1,289,461	(1,289,461)	0	0
Balance as at 30 June 2018		46,348,859	2,882,192	263,419,516	312,650,567
Comprehensive income					
Net result for the period		648,359	0	0	648,359
Other comprehensive income	11	0	0	32,466	32,466
Total comprehensive income		648,359	0	32,466	680,825
Transfers from/(to) reserves		(10,616)	10,616	0	0
Balance as at 30 June 2019		46,986,602	2,892,808	263,451,982	313,331,392

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF DALWALLINU  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019

BUTLER SETTINGER (AUDIT) PTY LTD

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,295,523	3,179,933	3,100,122
Operating grants, subsidies and contributions		2,962,834	6,180,369	5,073,259
Fees and charges		1,276,962	1,502,957	1,720,770
Interest received		137,746	124,257	171,370
Goods and services tax received		(72,943)		0
Other revenue		36	2,100	17
		7,600,158	10,989,616	10,065,538
<b>Payments</b>				
Employee costs		(3,042,713)	(3,597,811)	(3,296,920)
Materials and contracts		(2,895,706)	(2,556,050)	(2,305,194)
Utility charges		(455,009)	(371,085)	(405,231)
Interest expenses		(3,197)	(105,798)	(66,282)
Insurance paid		(155,982)	(134,312)	(132,542)
Other expenditure		(179,979)	(207,274)	(167,645)
		(6,732,586)	(6,972,330)	(6,373,814)
<b>Net cash provided by (used in) operating activities</b>	15	867,572	4,017,286	3,691,724
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(4,266,405)	(7,190,272)	(1,494,838)
Payments for construction of infrastructure		(4,674,317)	(4,876,458)	(7,203,268)
Non-operating grants, subsidies and contributions		4,142,241	761,987	4,551,374
Proceeds from self supporting loans		2,278	0	0
Proceeds from sale of property, plant & equipment		300,841	592,654	203,000
Proceeds from self supporting loans		0	0	2,212
<b>Net cash provided by (used in) investment activities</b>		(4,495,362)	(10,712,089)	(3,941,520)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(752,893)	(767,476)	(110,344)
Proceeds from new borrowings		3,335,797	4,083,058	0
Reclassification of Term Deposit to Financial Assets *		(2,892,808)	0	0
<b>Net cash provided by (used in) financing activities</b>		(309,904)	3,315,582	(110,344)
<b>Net increase (decrease) in cash held</b>		(3,937,694)	(3,379,221)	(360,140)
Cash at beginning of year		6,016,176	6,016,177	6,376,316
<b>Cash and cash equivalents at the end of the year</b>	15	2,078,484	2,636,956	6,016,176

This statement is to be read in conjunction with the accompanying notes.

\* Reserves Term Deposit reclassified as financial asset - investment period longer than three months



**SHIRE OF DALWALLINU**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

BUTLER SETTINERI (AUDIT) PTY LTD

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	22 (b)	2,665,859	2,643,120	3,030,483
		2,665,859	2,643,120	3,030,483
<b>Revenue from operating activities (excluding rates)</b>				
Governance		122,839	459	220
General purpose funding		2,965,837	1,450,721	2,821,236
Law, order, public safety		31,535	40,776	749,479
Health		120,180	474,423	494,547
Education and welfare		3,929	4,664	4,354
Housing		328,926	312,710	304,516
Community amenities		602,478	515,004	525,619
Recreation and culture		237,109	378,001	115,057
Transport		301,533	4,115,678	209,409
Economic services		239,173	116,350	283,814
Other property and services		268,824	125,835	228,904
		5,222,363	7,534,621	5,737,155
<b>Expenditure from operating activities</b>				
Governance		(606,772)	(716,616)	(752,624)
General purpose funding		(264,051)	(261,377)	(190,668)
Law, order, public safety		(203,849)	(137,927)	(130,640)
Health		(460,817)	(956,853)	(941,873)
Education and welfare		(77,858)	(68,913)	(27,188)
Housing		(315,045)	(298,181)	(288,981)
Community amenities		(685,810)	(725,705)	(654,364)
Recreation and culture		(1,980,258)	(1,799,898)	(1,719,379)
Transport		(6,468,050)	(6,157,433)	(5,492,847)
Economic services		(681,908)	(699,806)	(1,229,346)
Other property and services		(176,193)	(113,861)	(223,920)
		(11,920,611)	(11,936,570)	(11,651,830)
Non-cash amounts excluded from operating activities	22(a)	5,406,150	5,282,679	5,194,873
<b>Amount attributable to operating activities</b>		1,373,761	3,523,850	2,310,681
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		4,142,241	761,987	4,551,374
Proceeds from disposal of assets	10(a)	300,841	592,654	203,000
Proceeds from self supporting loans	13(b)	2,278	0	2,212
Purchase of property, plant and equipment	8(a)	(4,266,405)	(7,190,272)	(1,494,838)
Purchase and construction of infrastructure		(4,674,317)	(4,876,458)	(7,203,268)
<b>Amount attributable to investing activities</b>		(4,495,362)	(10,712,089)	(3,941,520)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	13(b)	(752,893)	(767,476)	(110,344)
Proceeds from borrowings	13(c)	3,335,797	4,083,058	0
Transfers to reserves (restricted assets)	4	(539,922)	(415,581)	(260,600)
Transfers from reserves (restricted assets)	4	529,306	1,108,306	1,550,061
<b>Amount attributable to financing activities</b>		2,572,288	4,008,307	1,179,117
<b>Surplus/(deficit) before imposition of general rates</b>		(549,313)	(3,179,933)	(451,722)
<b>Total amount raised from general rates</b>	21(a)	3,204,366	3,179,933	3,117,581
<b>Surplus/(deficit) after imposition of general rates</b>	22(b)	2,655,053	0	2,665,859

This statement is to be read in conjunction with the accompanying notes.



## 1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

### CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

### THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 24 to these financial statements.

## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Grant Revenue

Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance	0	100	0
General purpose funding	2,821,812	1,322,003	2,643,585
Law, order, public safety	5,773	19,676	725,402
Health	19,892	12,100	3,900
Education and welfare	3,894	4,480	4,235
Housing	30,119	20,700	21,484
Community amenities	16,028	4,700	2,400
Recreation and culture	191,236	340,470	45,608
Transport	267,152	4,073,678	177,435
Economic services	142,529	28,700	91,837
Other property and services	166,564	63,700	111,112
	3,664,999	5,890,307	3,826,998
<b>Non-operating grants, subsidies and contributions</b>			
Community amenities	10,483	11,531	0
Recreation and culture	354,828	587,191	744,978
Transport	3,776,930	163,265	3,806,396
	4,142,241	761,987	4,551,374
<b>Total grants, subsidies and contributions</b>	<b>7,807,240</b>	<b>6,652,294</b>	<b>8,378,372</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

##### Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.



## 2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Significant revenue			
WANDRRA Income	3,614,445	3,914,703	2,606,119
Other revenue			
Other	36	2,100	17
	36	2,100	17
Fees and Charges			
Governance	220	259	220
General purpose funding	6,313	4,644	6,399
Law, order, public safety	5,762	6,100	6,078
Health	100,289	460,323	490,646
Education and welfare	1	1	1
Housing	298,807	292,010	283,032
Community amenities	586,449	510,304	523,219
Recreation and culture	45,873	37,531	69,449
Transport	34,381	42,000	31,974
Economic services	96,643	87,650	191,977
Other property and services	102,224	62,135	117,775
	1,276,962	1,502,957	1,720,770
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Reserve accounts interest	78,252	107,827	94,706
Rates instalment and penalty interest (refer Note 21(e))	15,901	16,430	23,573
Other interest earnings	43,593		53,091
	137,746	124,257	171,370

SHIRE OF DALWALLINU  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Significant expense			
WANDRRA Expenditure	3,480,377	3,832,466	3,005,880
Auditors remuneration			
- Audit of the Annual Financial Report	20,000	30,000	11,215
- Other services	7,000	10,000	1,113
- Disbursements	3,476	0	1,061
	30,476	40,000	13,389
Interest expenses (finance costs)			
Borrowings (refer Note 13(b))	77,633	105,799	63,955
	77,633	105,799	63,955
Rental charges			
- Operating leases	326,008	320,011	329,875
	326,008	320,011	329,875

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019	2018
		\$	\$
Cash at bank and on hand		2,078,484	6,016,176
		2,078,484	6,016,176
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		1,929,048	3,019,352
- Restricted cash and cash equivalents		3,042,244	2,996,824
		4,971,292	6,016,176
Less: Financial Assets at amortised cost - term deposits		(2,892,808)	0
Cash and cash equivalents		2,078,484	6,016,176
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Reserves cash backed - Leave Reserve	4	276,127	219,789
Reserves cash backed - Plant Reserve	4	998,029	829,008
Reserves cash backed - Joint Venture Housing Reserve	4	287,722	261,208
Reserves cash backed - Land & Buildings Reserve	4	454,147	379,457
Reserves cash backed - Sewerage Scheme Reserve	4	335,816	615,417
Reserves cash backed - Townscape Reserve	4	70,571	68,593
Reserves cash backed - Telecommunications Reserve	4	114,896	111,675
Reserves cash backed - Swimming Pool Reserve	4	43,862	42,631
Reserves cash backed - Recreation Reserve	4	176,209	286,932
Reserves cash backed - Insurance Excess Reserve	4	85,429	67,482
Reserves cash backed - Waste Management Reserve	4	50,000	0
		2,892,808	2,882,192
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	20	75,000	114,632
Bonds and Deposits Held	25	74,436	0
<b>Total restricted cash and cash equivalents</b>		<b>3,042,244</b>	<b>2,996,824</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

##### Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.



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4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
(a) Reserves cash backed - Leave Reserve	\$ 219,789	\$ 56,338	\$ 0	\$ 219,787	\$ 54,396	\$ 0	\$ 274,183	\$ 214,961	\$ 4,828	\$ 0	\$ 219,789
(b) Reserves cash backed - Plant Reserve	829,008	169,021	0	829,009	55,336	0	884,345	810,799	18,209	0	829,008
(c) Reserves cash backed - Joint Venture Housing Reserve	261,208	26,514	0	261,208	34,068	(250,000)	45,276	255,471	5,737	(1,019,000)	261,208
(d) Reserves cash backed - Land & Buildings Reserve	379,457	74,690	0	379,455	57,589	(325,000)	112,044	1,205,400	193,057	0	379,457
(e) Reserves cash backed - Sewerage Scheme Reserve	615,417	103,705	(383,306)	615,418	86,644	(333,306)	368,756	600,992	14,425	0	615,417
(f) Reserves cash backed - Townscape Reserve	68,593	1,978	0	68,594	1,372	0	69,966	98,635	2,215	(32,257)	68,593
(g) Reserves cash backed - Telecommunications Reserve	111,675	3,221	0	111,675	2,234	(100,000)	13,909	109,222	2,453	0	111,675
(h) Reserves cash backed - Swimming Pool Reserve	42,631	1,231	0	42,632	853	0	43,485	41,695	936	0	42,631
(i) Reserves cash backed - Recreation Reserve	286,932	35,277	(146,000)	286,932	55,739	(100,000)	242,671	280,630	6,302	0	286,932
(j) Reserves cash backed - Insurance Excess Reserve	67,482	17,947	0	67,482	17,350	0	84,832	66,000	1,482	0	67,482
(k) Reserves cash backed - Roadworks Reserve	0	0	0	0	0	0	0	487,848	10,956	(498,804)	0
(l) Reserves cash backed - Waste Management Reserve	2,882,192	539,922	(529,306)	2,882,192	415,581	(1,108,306)	2,189,467	4,171,653	260,600	(1,550,061)	2,882,192

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	ongoing	- to be used to fund sick, annual and long service leave requirements.
(b) Reserves cash backed - Plant Reserve	ongoing	- to be used for the purchase & maintenance of major plant.
(c) Reserves cash backed - Joint Venture Housing Reserve	ongoing	- to be used for the construction & maintenance of the Joint Venture Housing.
(d) Reserves cash backed - Land & Buildings Reserve	ongoing	- to be used for the purchase, construction & maintenance of residential & commercial sites.
(e) Reserves cash backed - Sewerage Scheme Reserve	ongoing	- to be used for the maintenance & replacement of the Sewerage Scheme.
(f) Reserves cash backed - Townscape Reserve	ongoing	- to be used for various townscape special projects.
(g) Reserves cash backed - Telecommunications Reserve	ongoing	- to be used to leverage enhanced telecommunications capabilities within the Shire.
(h) Reserves cash backed - Swimming Pool Reserve	ongoing	- to be used to ensure long term maintenance and upgrade of the swimming pool.
(i) Reserves cash backed - Recreation Reserve	ongoing	- to be used to ensure long term maintenance and upgrade of the recreation areas.
(j) Reserves cash backed - Insurance Excess Reserve	ongoing	- to be used to pay for insurance excess in the event of abnormal number of claims in a year.
(k) Reserves cash backed - Roadworks Reserve	Completed	- No longer in use financial year ending 30 June 2019
(l) Reserves cash backed - Waste Management Reserve	ongoing	- to be used to pay for future waste management sites rehabilitation.



## 5. TRADE RECEIVABLES

### Current

Rates receivable
Sundry receivables
GST receivable
Accrued income

### Non-current

Pensioner's rates and ESL deferred
------------------------------------

2019	2018
\$	\$
33,782	124,939
1,242,181	539,105
72,943	0
816	1,727
1,349,722	665,771
16,560	16,560
16,560	16,560

## SIGNIFICANT ACCOUNTING POLICIES

### Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

### Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

### Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

## 6. INVENTORIES

### Current

Other inventories - Fuels and Materials

2019	2018
\$	\$
10,947	13,889
10,947	13,889
13,889	4,374
(2,942)	9,515
10,947	13,889

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Movements to inventory - fuel expensed

Carrying amount at 30 June

### SIGNIFICANT ACCOUNTING POLICIES

#### General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



## 7. OTHER FINANCIAL ASSETS

### (a) Current assets

Other financial assets at amortised cost  
Other loans and receivables at amortised cost

2019	2018
\$	\$
2,892,808	0
0	2,278
2,892,808	2,278

Other financial assets at amortised cost  
- Financial assets at amortised cost - term deposits

2,892,808	0
2,892,808	0

Financial assets previously classified as loans and receivables  
- Loans receivable - clubs/institutions

0	2,278
0	2,278

### (b) Non-current assets

Financial assets at fair value through profit and loss

122,620	0
122,620	0

Financial assets at fair value through profit and loss  
- *Unlisted equity investments*

Units in Local Government House Trust

122,620	0
122,620	0

During the year, the following gains/(losses) were recognised in profit and loss:  
Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services

122,620	0
122,620	0

### SIGNIFICANT ACCOUNTING POLICIES

#### Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

#### Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

#### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

#### Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 26 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.



## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land - freehold land	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	2,454,635	2,454,635	27,271,490	27,271,490	29,726,125	233,745	3,146,267	33,106,137
Additions	60,844	60,844	364,961	364,961	425,805	0	1,069,033	1,494,838
(Disposals)	(65,000)	(65,000)	(109,078)	(109,078)	(174,078)	(1,924)	(37,971)	(213,973)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	(2,787,882)	(2,787,882)	(2,787,882)	0	82,801	(2,705,081)
Depreciation (expense)	0	0	(550,940)	(550,940)	(550,940)	(49,939)	(473,277)	(1,074,156)
Carrying amount at 30 June 2018	2,450,479	2,450,479	24,188,551	24,188,551	26,639,030	181,882	3,786,853	30,607,765
Comprises:								
Gross carrying amount at 30 June 2018	2,450,479	2,450,479	24,738,569	24,738,569	27,189,048	220,137	3,827,452	31,236,637
Accumulated depreciation at 30 June 2018	0	0	(550,018)	(550,018)	(550,018)	(38,255)	(40,599)	(628,872)
Carrying amount at 30 June 2018	2,450,479	2,450,479	24,188,551	24,188,551	26,639,030	181,882	3,786,853	30,607,765
Additions	16,940	16,940	3,852,643	3,852,643	3,869,583	0	396,822	4,266,405
(Disposals)	(26,405)	(26,405)	(23,826)	(23,826)	(50,231)	0	(310,904)	(361,135)
(Disposals) - small asset write offs under \$5,000 threshold	(3,000)	(3,000)	(24,777)	(24,777)	(27,777)	(47,113)	(4,218)	(79,108)
Depreciation (expense)	0	0	(511,372)	(511,372)	(511,372)	(32,503)	(470,827)	(1,014,702)
Carrying amount at 30 June 2019	2,438,013	2,438,013	27,481,219	27,481,219	29,919,233	102,266	3,397,726	33,419,225
Comprises:								
Gross carrying amount at 30 June 2019	2,438,013	2,438,013	28,564,321	28,564,321	31,002,335	309,048	5,860,952	37,172,335
Accumulated depreciation at 30 June 2019	0	0	(1,083,102)	(1,083,102)	(1,083,102)	(206,782)	(2,463,226)	(3,753,110)
Carrying amount at 30 June 2019	2,438,013	2,438,013	27,481,219	27,481,219	29,919,233	102,266	3,397,726	33,419,225

## 8. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	market approach using recent observable market data for similar properties	independent valuer	30 June 2017	price per square metre/market borrowing rate
Buildings - non-specialised	2	market approach using recent observable market data for similar properties	independent valuer	30 June 2017	price per square metre/market borrowing rate
Furniture and equipment	3	cost approach using depreciated replacement cost	management valuation	30 June 2016	current condition, residual values
Plant and equipment	2	market approach using recent observable market data for similar properties	management valuation	30 June 2016	price per item

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.



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**9. INFRASTRUCTURE**

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - Roads	Other infrastructure - Footpaths	Other infrastructure - Drainage	Other infrastructure - Parks & Ovals	Other infrastructure - Other	Other infrastructure - Gardens	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	238,843,240	1,196,437	983,360	304,358	26,801,433	340,613	268,469,441
Additions	5,476,953	68,741	744,235	0	913,339	0	7,203,268
(Disposals)	0	0	0	(17,136)	0	0	(17,136)
Revaluation increments / (decrements) transferred to revaluation surplus	10,667,758	321,060	(30,763)	152,313	(5,095,531)	38,893	6,053,730
Depreciation (expense)	(3,708,299)	(65,597)	(20,589)	(19,175)	(280,694)	0	(4,094,354)
Transfers	0	0	0	354	(354)	0	0
Carrying amount at 30 June 2018	251,279,652	1,520,641	1,676,243	420,714	22,338,193	379,506	277,614,949
Comprises:							
Gross carrying amount at 30 June 2018	251,279,652	1,520,641	1,676,243	420,714	22,607,815	379,506	277,884,571
Accumulated depreciation at 30 June 2018	0	0	0	0	(269,622)	0	(269,622)
Carrying amount at 30 June 2018	251,279,652	1,520,641	1,676,243	420,714	22,338,193	379,506	277,614,949
Additions	2,996,759	0	999,265	0	497,035	181,258	4,674,317
Small asset write offs under \$5,000 threshold	0	0	0	(2,894)	(20,641)	0	(23,535)
Revaluation increments / (decrements) transferred to revaluation surplus					32,466		32,466
Depreciation (expense)	(3,901,233)	(76,032)	(33,525)	(14,886)	(330,904)	0	(4,356,580)
Carrying amount at 30 June 2019	250,375,177	1,444,609	2,641,984	402,934	22,516,149	560,764	277,941,617
Comprises:							
Gross carrying amount at 30 June 2019	254,276,410	1,520,641	2,675,509	417,820	23,177,158	560,764	282,628,302
Accumulated depreciation at 30 June 2019	(3,901,233)	(76,032)	(33,525)	(14,886)	(661,009)	0	(4,686,685)
Carrying amount at 30 June 2019	250,375,177	1,444,609	2,641,984	402,934	22,516,149	560,764	277,941,617

## 9. INFRASTRUCTURE (Continued)

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	cost approach using depreciated replacement cost	independent valuer	30 June 2018	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Other infrastructure - Footpaths	3	cost approach using depreciated replacement cost	independent valuer	30 June 2018	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Other infrastructure - Drainage	3	cost approach using depreciated replacement cost	independent valuer	30 June 2018	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Other infrastructure - Parks & Ovals	3	cost approach using depreciated replacement cost	independent valuer	30 June 2018	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Other infrastructure - Other	3	cost approach using depreciated replacement cost	independent valuer	30 June 2018	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Other infrastructure - Gardens	3	cost approach using depreciated replacement cost	independent valuer	30 June 2018	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.



## 10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

Each class of fixed assets within either plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

#### Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

#### Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

#### Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.



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10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	26,405	22,136	0	(4,269)	3,000	1,818	0	(1,182)	65,000	65,000	0	0
Land - small asset write offs	3,000	0	0	(3,000)	0	0	0	0	0	0	0	0
Buildings - non-specialised	23,826	0	0	(23,826)	217,680	217,680	0	0	109,078	100,000	0	(9,078)
Buildings - non-specialised small asset write offs	24,777	0	0	(24,777)								
Buildings - specialised	0	0	0	0	0	(24,180)	0	(24,180)				0
Furniture and equipment	0	0	0	0	0	0	0	0	1,924	0	0	(1,924)
Furniture and equipment small asset write offs	47,113	0	0	(47,113)								
Plant and equipment	310,904	278,705	20,000	(52,199)	473,880	397,336	15,000	(91,544)	37,971	38,000	18,000	(17,971)
Plant and equipment small asset write offs	4,218	0	0	(4,218)								
Other infrastructure - Parks & Ovals small asset write offs	2,894	0	0	(2,894)	0	0	0	0	17,136	0	0	(17,136)
Other infrastructure - Other small asset write offs	20,641	0	0	(20,641)				0				0
	463,778	300,841	20,000	(182,937)	694,560	592,654	15,000	(116,906)	231,109	203,000	18,000	(46,109)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
<b>Plant and Equipment</b>				
<b>Law, order, public safety</b>				
1999 Dalwallinu 3.4R Fire Unit	0	20,000	20,000	0
<b>Transport</b>				
Two-way side tipper trailer	15,919	5,100	0	(10,819)
2009 BOMAG BW25RH ROLLER (DL203)	42,417	30,000	0	(12,417)
2010 CAT 12M Grader (DL62)	103,828	101,250	0	(2,578)
2015 Mitsubishi Triton GLX 4x2 DSL - DL194	11,670	10,909	0	(761)
2017 Holden Colorado 4x4 crew cab WS DL281	25,207	19,091	0	(6,116)
2017 Toyota Hilux 4x4 2.8i DSL MWS (DL103)	36,850	34,091	0	(2,759)
Small Assets write off under \$5,000 threshold	4,218	0	0	(4,218)
<b>Economic services</b>				
Roma Deluxe Caravan (second hand)	11,720	1,900	0	(9,820)
<b>Other property and services</b>				
2017 Holden Colorado Trailblazer (DL2)	35,618	31,818	0	(3,800)
2016 Nissan Pathfinder ST 4WD DL492	27,675	24,546	0	(3,129)
	315,122	278,705	20,000	(56,417)
<b>Land</b>				
<b>Other Property and Services</b>				
51 Leahy Street Pithara (Bowling club land)	20,405	18,500	0	(1,905)
Lot 10 McConnell St Pithara (Vacant Land)	3,000	1,818	0	(1,182)
Lot 8 Leahy St Pithara (Vacant Land)	3,000	1,818	0	(1,182)
Small Assets write off under \$5,000 threshold	3,000	0	0	(3,000)
	29,405	22,136	0	(7,269)
<b>Buildings &amp; Improvements</b>				
<b>Recreation and culture</b>				
Pithara Bowling Club	19,429	0	0	(19,429)
Pithara Bowling Club-Toilet Block A	971	0	0	(971)
Pithara Bowling Club-Toilet Block B	971	0	0	(971)
Pithara Bowling Club-Shed	2,455	0	0	(2,455)
Small Assets write off under \$5,000 threshold	24,777	0	0	(24,777)
	48,603	0	0	(48,603)
<b>Furniture &amp; Equipment</b>				
<b>Health &amp; Other Property and Services</b>				
Small Assets write off under \$5,000 threshold	47,113	0	0	(47,113)
	47,113	0	0	(47,113)
<b>Other Infrastructure</b>				
<b>Recreation and culture</b>				
Small Assets write off under \$5,000 threshold	20,641	0	0	(20,641)
	20,641	0	0	(20,641)
<b>Parks &amp; Ovals</b>				
<b>Recreation and culture</b>				
Small Assets write off under \$5,000 threshold	2,894	0	0	(2,894)
	2,894	0	0	(2,894)
	463,778	300,841	20,000	(182,937)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown below.

	2019	2018
	\$	\$
Buildings - non-specialised	18,499	18,499
Furniture and equipment	0	4,886
Plant and equipment	320,951	299,258
Other infrastructure - Parks & Ovals	0	1,928
Other infrastructure - Other	33,559	35,559
	373,009	360,130

(c) Temporarily Idle Assets

The carrying value of assets held by the Shire which are temporarily idle or retired from active use and not classified as held for sale are shown below.

	2019	2018
	\$	\$
Plant and equipment	9,797	141,894
	9,797	141,894



## 10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

### (d) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	511,372	769,614	550,940
Furniture and equipment	32,503	47,177	49,939
Plant and equipment	470,827	317,346	473,277
Infrastructure - Roads	3,901,233	3,718,794	3,708,299
Other infrastructure - Footpaths	76,032	62,887	65,597
Other infrastructure - Drainage	33,525	23,604	20,589
Other infrastructure - Parks & Ovals	14,886	17,541	19,175
Other infrastructure - Other	330,904	236,666	280,694
Other infrastructure - Gardens	0	2,143	0
	5,371,282	5,195,772	5,168,510

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

#### Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

#### Depreciation (Continued)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.



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11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance
Revaluation surplus - Buildings - non-specialised	18,123,458	0	0	18,123,458	20,911,340	0	(2,787,882)	(2,787,882)	18,123,458
Revaluation surplus - Furniture and equipment	195	0	0	195	195	0	0	0	195
Revaluation surplus - Plant and equipment	428,815	0	0	428,815	346,014	82,801	0	82,801	428,815
Revaluation surplus - Infrastructure - Roads	224,629,087	0	0	224,629,087	213,961,329	10,667,758	0	10,667,758	224,629,087
Revaluation surplus - Other infrastructure - Footpaths	477,712	0	0	477,712	156,652	321,060	0	321,060	477,712
Revaluation surplus - Other infrastructure - Drainage	36,077	0	0	36,077	66,840	0	(30,763)	(30,763)	36,077
Revaluation surplus - Other infrastructure - Parks & Ovals	326,084	0	0	326,084	173,771	152,313	0	152,313	326,084
Revaluation surplus - Other infrastructure - Other	19,093,140	32,466	32,466	19,125,606	24,188,671	0	(5,095,531)	(5,095,531)	19,093,140
Revaluation surplus - Other infrastructure - Gardens	304,948	0	0	304,948	266,055	38,893	0	38,893	304,948
	263,419,516	32,466	32,466	263,451,982	260,070,867	11,262,825	(7,914,176)	3,348,649	263,419,516

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.



## 12. TRADE AND OTHER PAYABLES

### Current

Sundry creditors	
Bonds & Deposits Held (refer to Note 25)	
Accrued salaries and wages	
ATO liabilities	
Accrued Interest on long term borrowings	
Other Current Liabilities	

2019	2018
\$	\$
358,974	630,533
74,436	0
10,016	10,493
0	60,575
37,373	18,687
54,013	32,289
534,812	752,577

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

#### Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

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13. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
	\$	\$
Current	129,673	752,753
Non-current	3,329,739	123,755
	3,459,412	876,508

(b) Repayments - Borrowings

Particulars	30 June 2019			30 June 2019			30 June 2019			30 June 2019			30 June 2018		
	Actual Principal 1 July 2018	Actual New Loans	Actual Interest repayments	Budget Principal 1 July 2018	Budget New Loans	Budget Interest repayments	Actual Principal 1 July 2018	Budget Principal 1 July 2018	Budget New Loans	Budget Interest repayments	Budget Principal 1 July 2018	Budget New Loans	Actual Principal 1 July 2017	Actual Interest repayments	Actual Principal outstanding 30 June 2018
Housing															
Loan 156 - Staff Housing	56,356	0	56,356	0	56,356	2,538	0	56,356	0	56,356	2,538	0	109,798	53,442	56,356
Community amenities															
Loan 64 - Sewerage Scheme	138,290	0	14,535	138,290	0	13,272	138,290	138,290	0	14,535	13,272	123,755	151,492	13,202	138,290
Recreation and culture															
Loan 157 - Dalwallinu Discovery Centre	681,862	0	682,002	681,862	0	37,324	672,332	672,332	648,857	672,333	37,324	(1)	725,562	43,700	681,862
Loan 157-2 - Dalwallinu Discovery Centre	0	635,797	0	0	635,797	0	0	0	2,700,000	0	52,665	648,857	0	0	0
Loan 159 - Dalwallinu Rec Centre	0	2,700,000	0	0	2,700,000	0	0	0	2,700,000	24,253	52,665	2,675,747	0	0	0
Economic services															
Loan 160 - Bell Street Sub-division	876,508	3,335,797	752,893	876,508	3,335,797	77,632	866,978	866,978	4,083,058	767,476	105,799	4,182,559	986,852	110,344	876,508
	876,508	3,335,797	752,893	876,508	3,335,797	77,632	866,978	866,978	4,083,058	767,476	105,799	4,182,559	986,852	110,344	876,508

Self supporting loans are financed by payments from third parties. These are shown in Note 7 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.



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13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Dalwallinu Recreation Centre	WATC	debenture	20	3.00%	2,700,000	2,700,000	2,700,000	2,700,000	0	0
Dalwallinu Discovery Centre	WATC	debenture	10	2.29%	635,797	635,797	0	0	0	0
					3,335,797	3,335,797	2,700,000	2,700,000	0	0

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2018	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2019
Total unspent borrowings		\$ 0	\$ 0	\$ 0	\$ 0

Nil

(e) Undrawn Borrowing Facilities

	2019	2018
Credit Standby Arrangements	\$	\$
Credit card limit	10,000	10,000
Credit card balance at balance date	(3,003)	(3,212)
<b>Total amount of credit unused</b>	<b>6,997</b>	<b>6,788</b>

Loan facilities

Loan facilities - current	129,673	752,753
Loan facilities - non-current	3,329,739	123,755
<b>Total facilities in use at balance date</b>	<b>3,459,412</b>	<b>876,508</b>

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Risk

Information regarding exposure to risk can be found at Note 23.



## 14. EMPLOYEE RELATED PROVISIONS

### Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	295,448	309,140	604,588
Non-current provisions		53,148	53,148
	295,448	362,288	657,736
Additional provision	(87,839)	(63,533)	(151,372)
Balance at 30 June 2019	207,609	298,755	506,364
Comprises			
Current	207,609	251,057	458,666
Non-current	0	47,698	47,698
	207,609	298,755	506,364

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	2019	2018
	\$	\$
Less than 12 months after the reporting date	190,266	251,532
More than 12 months from reporting date	287,192	377,298
Expected reimbursements from other WA local governments	28,906	28,906
	506,364	657,736

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

##### Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

#### Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

#### Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.



## 15. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	4,971,292	2,636,956	6,016,176
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	648,359	(460,029)	1,754,280
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(122,620)	0	0
Depreciation	5,371,282	5,195,772	5,168,510
(Profit)/loss on sale of asset	162,937	101,906	28,109
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(683,951)	290,062	1,228,802
(Increase)/decrease in inventories	2,942	0	(9,515)
Increase/(decrease) in payables	(217,765)	(348,437)	(5,696)
Increase/(decrease) in provisions	(151,371)	0	78,608
Grants and contributions for the development of assets	(4,142,241)	(761,987)	(4,551,374)
Net cash from operating activities	867,572	4,017,287	3,691,724

## 16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	691,620	569,000
General purpose funding	4,987,852	6,714,674
Law, order, public safety	1,030,452	1,082,899
Health	550,230	586,460
Education and welfare	145,349	150,645
Housing	7,049,729	7,135,934
Community amenities	2,400,392	2,150,241
Recreation and culture	36,792,576	33,164,041
Transport	257,114,282	255,813,047
Economic services	2,634,435	2,739,226
Other property and services	4,435,065	4,810,815
Unallocated	0	20,406
	317,831,982	314,937,388



## 17. CONTINGENT LIABILITIES

The Shire is not aware of any contingent liabilities as at 30 June 2019.

## 18. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

Capital expenditure projects are represented by:

Dalwallinu Recreation Centre precinct works

Kalannie Sports Club roof restoration

	2019	2018
	\$	\$
	783,975	7,691,532
	783,975	7,691,532
	783,975	7,691,532
	629,644	
	154,331	

### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year

- later than one year but not later than five years

	2019	2018
	\$	\$
	5,532	5,532
	15,781	21,313
	21,313	26,845

## SIGNIFICANT ACCOUNTING POLICIES

### Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

### Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.



## 19. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	37,606	46,644	40,846
President's Allowance	7,942	7,942	7,942
Deputy President's Allowance	1,985	1,985	1,985
Travelling expenses	4,877	9,000	7,138
	52,410	65,571	57,911

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	589,899	953,417
Post-employment benefits	79,284	106,698
Other long-term benefits	71,938	22,819
	741,121	1,082,934

#### *Short-term employee benefits*

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

#### *Post-employment benefits*

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

#### *Other long-term benefits*

These amounts represent annual leave and long service leave benefits accruing during the year.

## 19. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019	2018
	Actual	Actual
	\$	\$
Sale of goods and services - other related parties	98,113	21,888
Purchase of goods and services - other related parties	202,142	196,183
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables - other related parties	3,324	13,400
<b>Amounts payable to related parties:</b>		
Trade and other payables - other related parties	14,792	6,461

### Related Parties

The Shire's main related parties are as follows:

#### *i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel (KMP).

Key management personnel were employed by the Shire under normal employment terms and conditions.

#### *ii. Other Related Parties*

Any entity that is controlled by or over which KMP, or close family members of KMP have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly are considered parties in relation to the Shire.

#### *iii. Entities subject to significant influence by the Shire*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.



## 20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance <sup>(1)</sup> 30/06/18	Received <sup>(2)</sup> 2018/19	Expended <sup>(3)</sup> 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
DFES Grant	0	34,958	(27,494)	7,464	25,772	(33,236)	0
<b>Recreation and culture</b>							
Richardson Park toilet grant-Lotterywest	0	32,168	0	32,168	0	(32,168)	0
<b>Transport</b>							
Roads to Recovery	363,101	1,037,012	(1,400,113)	0	0	0	0
Contribution of Landscaping Leahy St	0	15,000	0	15,000	0	0	15,000
<b>Economic services</b>							
Contribution to landscaping-Leahy St	60,000	0	0	60,000	0	0	60,000
Central Wheatbelt Biosecurity Assn	30,033	70,000	(100,033)	0	0	0	0
CLGF Housing (3Shires) R4R	16,618	0	(16,618)	0	0	0	0
AWI Funding - Regional Dogger	37,900	0	(37,900)	0	0	0	0
DAFWA - Regional Dogger	284,000	0	(284,000)	0	0	0	0
<b>Total</b>	<b>791,652</b>	<b>1,189,138</b>	<b>(1,866,158)</b>	<b>114,632</b>	<b>25,772</b>	<b>(65,404)</b>	<b>75,000</b>

**Notes:**

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

## 21. RATING INFORMATION

### (a) Rates

#### RATE TYPE

##### Differential general rate / general rate

#### Gross rental valuations

##### Residential

#### Unimproved valuations

##### Rural

#### Sub-Total

#### Minimum payment

#### Gross rental valuations

##### Residential

##### Rural

##### Mining

#### Sub-Total

Discounts/concessions (refer Note 21(d))  
Total amount raised from general rate

#### SIGNIFICANT ACCOUNTING POLICIES

##### Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Rate in \$	Number of Properties	2018/19		2018/19		2018/19		2018/19		2018/19		2017/18	
		Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Total Revenue	Actual Total Revenue	Budget Rate Revenue	Budget Total Revenue	Actual Total Revenue	Budget Rate Revenue	Budget Total Revenue	Actual Total Revenue	Actual Total Revenue
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
0.088391	247	3,711,475	328,061	0	328,061	328,061	328,061	328,061	303,374			303,374	
0.019897	373	141,517,500	2,815,774	18,049	2,833,823	2,833,823	2,815,774	2,815,774	2,774,540			2,774,540	
Minimum \$	620	145,228,975	3,143,835	18,049	3,161,884	3,161,884	3,143,835	3,143,835	3,077,914			3,077,914	
600	248	1,129,438	148,800	0	148,800	148,800	148,800	148,800	132,600			132,600	
700	34		23,800		23,800	23,800	23,800	23,800	23,800			23,800	
700	25		17,500		17,500	17,500	17,500	17,500	21,000			21,000	
Sub-Total	307	1,129,438	190,100	0	190,100	190,100	190,100	190,100	177,400			177,400	
Discounts/concessions (refer Note 21(d))	927	146,358,413	3,333,935	18,049	3,351,984	3,351,984	3,333,935	3,333,935	3,255,314			3,255,314	
Total amount raised from general rate					(147,618)	(147,618)		(154,002)	(137,733)			(137,733)	
					3,204,366	3,204,366		3,179,933	3,117,581			3,117,581	



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21. RATING INFORMATION (Continued)

(b) Specified Area Rate

There were no specified area rates in the financial year ended 30 June 2019

(c) Service Charges

There were no service charges in the financial year ended 30 June 2019

21. RATING INFORMATION (Continued)

(d) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2019 Actual	2019 Budget	2018 Actual	Circumstances in which Discount is Granted
			\$	\$	\$	
Rates general	5.00%		136,318	142,702	127,033	Payment of full amount owing, including arrears and service charges no later than 4:00pm on the day 35 days after the date of service appearing on the
Rates minimum	100		11,300	11,300	10,700	rates notice.
			147,618	154,002	137,733	

## 21. RATING INFORMATION (Continued)

### (e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Single full payment	14 Sep 2018	0.00	0.00%	11.00%
First installment	14 Sep 2018		5.50%	11.00%
Second installment	16 Nov 2018	6.67	5.50%	11.00%
Third installment	18 Jan 2019	6.67	5.50%	11.00%
Fourth installment	15 Mar 2019	6.67	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	8,764	10,430	15,530
Interest on instalment plan	7,137	6,000	8,043
Charges on instalment plan	3,035	3,174	3,228
	18,936	19,604	26,801



## 22. RATE SETTING STATEMENT INFORMATION

		2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)
	Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	10(a)	(20,000)	(15,000)	(18,000)
Less: Fair value adjustments to financial assets at amortised cost		(122,620)	0	0
Movement in pensioner deferred rates (non-current)		0	(14,998)	0
Movement in employee benefit provisions (non-current)		(5,449)	0	0
Movement in other provisions (non-current)		0	0	(1,746)
Add: Loss on disposal of assets	10(a)	182,937	116,906	46,109
Add: Depreciation on assets	10(d)	5,371,282	5,195,771	5,168,510
<b>Non cash amounts excluded from operating activities</b>		<b>5,406,150</b>	<b>5,282,679</b>	<b>5,194,873</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserves - restricted cash	3	(2,892,808)	(2,189,467)	(2,882,192)
Less: - Financial assets at amortised cost - self supporting loans		0	0	(2,278)
Less: - cashed backed leave or provision portion		209,379	209,380	209,380
Less: Accrued income		0	(1,727)	0
Add: Borrowings	13(b)	129,673	129,673	752,753
<b>Total adjustments to net current assets</b>		<b>(2,553,756)</b>	<b>(1,852,141)</b>	<b>(1,922,337)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		6,331,961	3,013,272	6,698,114
Less: Total current liabilities		(1,123,152)	(1,161,131)	(2,109,918)
Less: Total adjustments to net current assets		(2,553,756)	(1,852,141)	(1,922,337)
<b>Net current assets used in the Rate Setting Statement</b>		<b>2,655,053</b>	<b>0</b>	<b>2,665,859</b>

## 23. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Cash and cash equivalents and Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings and term deposits
Credit risk	Cash and cash equivalents, trade receivables and other financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

### (a) Interest rate risk

#### Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	1.23%	2,078,484	0	2,078,284	200
Financial assets at amortised cost - term deposits	2.00%	2,892,808	2,892,808	0	0
<b>2018</b>					
Cash and cash equivalents	1.83%	6,016,176	3,156,321	2,859,455	400

#### Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	20,783	28,595

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).



## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	26,065	8,417	5,137	10,723	50,342
Loss allowance	0	0	0	0	0

#### 01 July 2018

Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	92,610	18,462	11,146	19,281	141,499
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,241,196	985	0	0	1,242,181
Loss allowance	0	0	0	0	0

#### 01 July 2018

Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	532,398	0	0	1,000	533,398
Loss allowance	0	0	0	0	0

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(e).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<b>2019</b>	\$	\$	\$	\$	\$
Payables	534,812	0	0	534,812	534,812
Borrowings	236,430	945,722	3,619,290	4,801,442	3,459,412
	771,242	945,722	3,619,290	5,336,254	3,994,224
<b>2018</b>					
Payables	692,002	0	0	692,002	692,002
Borrowings	768,448	111,228	55,614	935,290	876,508
	1,460,450	111,228	55,614	1,627,292	1,568,510



## 24. TRUST FUNDS

There are no funds held at the balance date which are required to be held in the trust fund.

In previous years, bonds and deposits were held as trust monies. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 12.

	1 July 2018	Amounts Received	Amounts Paid	Reclassification to Restricted Cash	30 June 2019
	\$	\$	\$		\$
DPI Licensing Fees	25,444	1,156,913	(1,169,459)	(12,897)	0.00
St John Ambulance Memberships	626	2,641	(3,066)	(201)	0.00
CTF Levy	10,941	10,466	(21,141)	(265)	0.00
Building Services Levy	123	9,284	(9,224)	(184)	(0.00)
Standpipe Swipe Cards	2,350	600	(950)	(2,000)	0.00
Mainly Mutton Cookbooks	0	20	(20)	0	0.00
Trails, Trials and Triumphs Book	0	30	(30)	0	0.00
Hall Hire Bonds	624	3,209	(2,334)	(1,499)	0.00
Key Deposits	1,097	2,495	(2,050)	(1,542)	0.00
Housing Bonds	0	5,380	(5,380)	0	0.00
Pommie Migrant to Pioneer Farmer Book	70	0	(70)	0	0.00
5 Graves in Dalwallinu Book	50	230	(220)	(60)	0.00
Pioneer House Donations	10,076	0	(10,076)	0	0.00
Miscellaneous Deposits Held	92,253	76,505	(112,970)	(55,789)	0.00
	143,654	1,267,773	(1,336,990)	(74,436)	0

## **25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The Shire is not aware of, or in receipt of, any information or events that may impact or lead to any adjustment in the financial statement after the reporting period.



## 26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

### AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139.

There were no adjustments as a result of adopting AASB 9.

#### (a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

## 26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

- The Shire did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
<b>Loans and receivables</b>				
Trade receivables*	682,331	682,331		
Loans and advances	2,278	2,278		
	684,609	684,609	0	0

\* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire did not recognise any additional impairment on the Shire's Trade receivables



## 27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

The Shire is in the process of assessing the impact of these standards.

### (a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not for Profit Entities (issued December 2014) on 1 July 2019 resulting in changes in accounting policies.

In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is payment) to which the entity expects to be entitled in exchange for those goods or services as performance obligations have been met as specified in the contracts with customers.

### (b) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire will apply this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019.

AASB 16 will cause majority of leases of an entity to be brought onto the statement of financial position. There are limited expectations relating to short term leases and low value assets which may remain off balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments.

A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expenses will no longer be shown, the profit and loss impact of these leases will be through amortisation and interest charges.

## 28. CHANGE IN ACCOUNTING POLICY

On 1 July 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996.

The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5 000.

The adoption of the regulation constitutes a change in accounting policy.

Due to the effect on the financial statements not being material, the Shire did not retrospectively apply the changes in accounting policy arising from the new regulations and has not restated the comparative figures.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 1 July 2018 have been excluded from the assets of the Shire and written off in the Statement of Comprehensive Income.

The impact of the write off of \$102,643 was immaterial and therefore no restatement is required.



**SHIRE OF DALWALLINU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**29. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

**b) Current and non-current classification**

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operating cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

**c) Rounding off figures**

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

**d) Comparative figures**

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**e) Budget comparative figures**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

**f) Superannuation**

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

**g) Fair value of assets and liabilities**

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

**h) Fair value hierarchy**

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation techniques**

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

**Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**Income approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach**

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**i) Impairment of assets**

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.



### 30. ACTIVITIES/PROGRAMS

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<b>GOVERNANCE</b>  To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Shire services.
<b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of services.	Rates income & expenditure, Grants commission and Pensioners deferred rates interest.
<b>LAW, ORDER, PUBLIC SAFETY</b> To provide services to help ensure a safer and environmentally conscious community.	Supervision of various by-laws, fire prevention, emergency services and animal control.
<b>HEALTH</b> To provide an operational framework for environmental and community health.	Food quality, pest control, immunisation services and other health.
<b>EDUCATION AND WELFARE</b> To provide services to disadvantaged persons, the elderly, children and youth.	School support, assistance to playgroups, retirements villages and other voluntary services.
<b>HOUSING</b> To provide and maintain employee, non-employee and elderly residents housing.	Provision and maintenance of staff and rental housing.
<b>COMMUNITY AMENITIES</b>  To provide services required by the community.	Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of cemeteries, maintenance of public conveniences, storm water drainage maintenance, sewerage scheme operation, litter control and roadside furniture.
<b>RECREATION AND CULTURE</b>  To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Provision of facilities and support for organisations concerned with leisure time activities and sport, support for performing and creative arts and preservation of the natural estate. This includes maintenance of halls, aquatic centres, recreation and community centres, parks, gardens, sports grounds and operation of libraries.
<b>TRANSPORT</b>  To provide safe, effective and efficient transport services to the community.	Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities and traffic signs, cleaning and lighting of streets, depot maintenance and airstrip maintenance.
<b>ECONOMIC SERVICES</b> To help promote the Shire and its economic wellbeing.	The regulation and provision of tourism, area promotion, building control, noxious weed control, vermin control, standpipes and land subdivisions.
<b>OTHER PROPERTY AND SERVICES</b>  To monitor and control the shire's overheads and operating accounts.	Private works operation, public works overheads, materials, salaries & wages, plant repairs and operation costs. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all the works and services undertaken by Council.



### 31. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	3.88	1.96	2.81
Asset consumption ratio	0.97	1.00	0.97
Asset renewal funding ratio	0.83	0.82	0.80
Asset sustainability ratio	0.89	1.57	1.55
Debt service cover ratio	2.35	13.97	24.32
Operating surplus ratio	(0.75)	(0.56)	(0.15)
Own source revenue coverage ratio	0.39	0.43	0.46

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

#### To the Councillors of the Shire of Dalwallinu

#### Report on the Audit of the Financial Report

##### **Opinion**

I have audited the annual financial report of the Shire of Dalwallinu which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Dalwallinu:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

##### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Emphasis of Matter – Basis of Accounting**

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

##### **Responsibilities of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of an annual financial report that is free from material misstatement, whether due to fraud or error.



In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

***Auditor's Responsibility for the Audit of the Financial Report***

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a. The Operating Surplus Ratio as reported in Note 31 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' basic standard for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

### **Other Matter**

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 31 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

### **Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the annual financial report of the Shire of Dalwallinu for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the annual audited financial report to confirm the information contained in this website version of the annual financial report.



DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia

29 November 2019